

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF HARDIN COUNTY)
WATER DISTRICT NO. 1 OF HARDIN)
COUNTY, KENTUCKY, FOR APPROVAL)
OF THE PROPOSED PLAN OF REFINANC-)
ING THE OUTSTANDING WATERWORKS) CASE NO. 8855
REVENUE BONDS, SERIES OF 1982,)
OF THE DISTRICT THROUGH THE)
ISSUANCE OF WATERWORKS REVENUE)
REFUNDING BONDS)

O R D E R

On June 7, 1983, Hardin County Water District No. 1 ("Hardin") filed with this Commission an application seeking authority to refinance the outstanding \$2,940,000 of Hardin County Water District No. 1 Waterworks Revenue Bonds of 1982 ("Revenue Bonds") through the issuance of \$3,560,000 of Hardin County Water District No. 1 Waterworks Revenue Refunding Bonds of 1983 ("Refunding Bonds"). Hardin stated that because of current favorable market conditions the Refunding Bonds could be issued at substantially lower interest rates than the rates applicable to the Revenue Bonds, thereby effecting an annual savings in Hardin's debt service costs.

The Refunding Bonds are to be issued in accordance with Section 10(d) of Hardin's 1982 Bond Ordinance and the terms and conditions set forth in the application. The net proceeds of the Refunding Bonds are to be deposited and

invested in escrow for the payment of the principal and interest of the Revenue Bonds until September 1, 1987, at which time Hardin will call for redemption of all of the Revenue Bonds scheduled to mature subsequent to that date. The redemption of the Revenue Bonds at 103 percent of their face value will effect their immediate defeasement from the pledge of Hardin's revenues.

The average net interest rate applicable to the Revenue Bonds is 13.9 percent. Hardin projects that the Refunding Bonds will be sold at an approximate interest rate of 9.75 percent, which will reduce Hardin's annual debt service requirements.

The Commission, after consideration of Hardin's application and the evidence in support thereof, is of the opinion and finds that:

1. Hardin may realize reduced annual debt service requirements through the issuance of the proposed Refunding Bonds. The projected approximate interest rate of the Refunding Bonds is 9.75 percent as compared with an average net interest rate of 13.9 percent for the Revenue Bonds.

2. Hardin's proposed financing through the issuance of Refunding Bonds is for lawful objects within its corporate purposes, is appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service and is reasonably necessary and appropriate for such purposes.

3. The debt service savings contemplated by the refinancing requested by Hardin will be of direct benefit to Hardin's customers, and the request for refinancing is in the public interest and should be approved.

IT IS THEREFORE ORDERED that:

1. Hardin be and it hereby is authorized to issue \$3,560,000 in Refunding Bonds under the terms and conditions set out in its existing bond ordinance and to use the proceeds thereof for the payment of the principal and interest on the Revenue Bonds until September 1, 1987;

2. The issuance of the Refunding Bonds will not extend the term of the Revenue Bonds beyond the year 2006;

3. The refinancing should be accomplished only if the total debt service requirements of the Refunding Bonds in each year of maturity are less than the existing debt service requirements of the Revenue Bonds in each year of maturity;

4. Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof;

5. Within 30 days of the completion of the sale of the Refunding Bonds Hardin shall furnish the Commission the following data:

- (a) A copy of the completed documents governing the sale of the bonds,
- (b) The interest rate(s) to be paid by Hardin,
- (c) The maturity schedule of the Refunding Bonds, and

(d) A listing of the expenses incurred in such financing.

Done at Frankfort, Kentucky, this 30th day of June, 1983.

PUBLIC SERVICE COMMISSION



Chairman

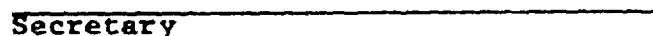


Vice Chairman



Commissioner

ATTEST:



Secretary